

17064  
RECORDATION NO. FILED 1425



0-296A032

OCT 23 1990 - 10 45 AM

INTERSTATE COMMERCE COMMISSION BLC CORPORATION

2655 CAMPUS DRIVE, SUITE 200, SAN MATEO, CALIFORNIA 94403-2573

EXECUTIVE OFFICES

October 19, 1990

AREA CODE 415  
573-1200

Ms Mildred Lee  
Interstate Commerce Commission  
12th & Constitution Ave., N W., Room 2303  
Washington, D C. 20423

Dear Ms Lee

Pursuant to the provisions of Title 49, United States Code, Section 11303, please find enclosed the below listed document to be recorded with the ICC.

One fully executed original and two certified copies of the Master Leasing Agreement, dated as of June 1, 1990, by and between BLC Corporation and Northern States Power Company relating to Railcars Numbered NSPX 90501 - NSPX 90740

In connection with the recording of the above mentioned Master Leasing Agreement, please note the following information

- (i) Name and address of Lessor. BLC Corporation, 2655 Campus Drive, Suite 200, San Mateo, California 94403
- (ii) Name and address of Lessee Northern States Power Company, 414 Nicollet Mall, Minneapolis, Minnesota 55401.
- (iii) General description of Equipment covered by Documents: 240 102-ton, open top automatic discharge, rotary dump coal cars with 4080 cu. ft capacity each; Car Numbers: NSPX 90501 - NSPX 90740.
- (v) Previous filings with the Interstate Commerce Commission covering the Equipment: None

Enclosed is our check in the amount of \$15 00 to record the enclosed Master Leasing Agreement. When the recording of this document has been completed, please endorse, with the relevant recording information, the enclosed copies provided herewith and return them in the enclosed self-addressed, stamped envelope.

If you require further information to complete this filing, please feel free to contact me or Curt A. Schultz at (800) 227-6516.

Thank you for your assistance in this matter

Sincerely yours,

Lori A. Stoneback  
Legal Secretary

/las  
Enclosures

cc Curt A. Schultz, Esq

**Interstate Commerce Commission**  
Washington, D.C. 20423

OFFICE OF THE SECRETARY

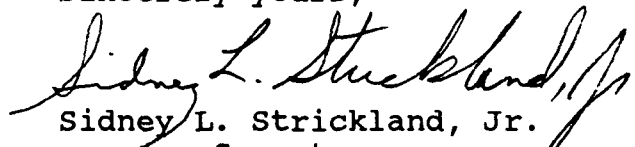
10/23/90

Lori A. Stoneback-Legal Secretary  
BLC Corporation  
2655 Campus Drive  
Ste. 200  
San Mateo, CA. 94403-2573

Dear Sirs:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/23/90 at 10:45AM , and assigned recordation number(s). 17064.

Sincerely yours,

  
Sidney L. Strickland, Jr.  
Secretary

REGISTRATION NO. **17064** FILED 1425  
OCT 23 1990 -10 45 AM  
INTERSTATE COMMERCE COMMISSION

# CERTIFICATE

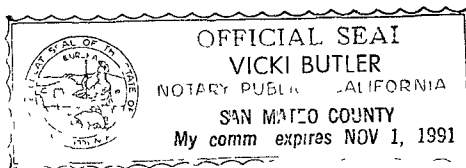
I, Curt A. Schultz, Assistant Secretary of BLC Corporation, hereby certify that the attached is a true and correct copy of the Master Leasing Agreement, dated as of June 1, 1990, by and between BLC Corporation, as Lessor and Northern States Power Company, as Lessee.

By Curt A. Schultz  
Curt A. Schultz, Assistant Secretary

Date 10/19/90

Subscribed and sworn to before  
me this 19th day of October, 1990.

Vicki Butler  
Notary Public



4/L/LEE/101090

REGISTRATION NO. 17064 FILED 1425

OCT 23 1990 - 10 45 AM

INTERSTATE COMMERCE COMMISSION

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MASTER LEASING AGREEMENT

Dated as of June 1, 1990

Between

BLC CORPORATION,

as Lessor

and

NORTHERN STATES POWER COMPANY,

as Lessee

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## MASTER LEASING AGREEMENT

Leasing Agreement, dated as of June 1, 1990, by and between BLC Corporation of San Mateo, California (herein called "Lessor") and Northern States Power Company (herein called "Lessee").

In consideration of the mutual covenants hereinafter contained, Lessor and Lessee agree as follows:

1. Definitions. As herein used:

(a) "Acquisition Cost" of Equipment is an amount equal to (A) the sum of the vendor's delivered price, dealer's delivery and handling charges, the cost of any original equipment which may be added, excise tax on the Equipment, any sales and use taxes, expenses of installation and freight, and other expenses required to effect delivery of the Equipment to Lessee, less purchase discounts obtained plus (B) any Interim Rent which shall be capitalized pursuant to the provisions of Section 21(e) hereof.

(b) The "Aggregate Amortization" of any Equipment is an amount equal to the sum total of the Monthly Amortization Figures for each of the months for which Rent for the equipment has been paid.

(c) The "Basic Lease Rate Factor" shall be the percentage as described in Schedule A.

(d) "Basic Term" shall mean as to any item of Equipment the amortization period for such Equipment as stated in the applicable Individual Leasing Record and as set forth in Schedule A.

(e) "Basic T-Note Rate" shall mean the T-Note Proxy Rate used to determine the Basic Lease Rate Factor as set forth on Schedule A hereto or the T-Note Proxy Rate calculated at the inception of the Extended Term if the parties hereto agree to renew the Lease Term pursuant to the provisions of Section 17(b) hereof.

(f) (1) "Contingent Rent" shall mean the amount by which the proceeds of sale of any unit of Equipment pursuant to Section 10 of this Leasing Agreement are less than they would have been because of abuse, damage, extraordinary wear and tear or excessive usage. In the event Lessor and Lessee cannot agree on the amount of Contingent Rent due, if any, they shall appoint a qualified independent appraiser to determine the amount and his decision shall be final; and, if the parties are unable to agree on a single qualified independent appraiser, each shall appoint one qualified independent appraiser and the two so appointed shall, if they are unable to agree on the amount of Contingent Rent, jointly name a third, in which event the decisions of a majority of the appraisers as to the amount of Contingent Rent shall be final. All fees and expenses of the first appraiser shall be borne by Lessee. If the parties are unable to agree on a single appraiser and each shall appoint one appraiser, the Lessee shall pay all fees and expenses of the appraiser appointed by Lessee and Lessor shall pay all fees and expenses of the appraiser appointed by Lessor. If the two appraisers jointly name a third appraiser, the fees and expenses of the third appraiser shall be borne equally by Lessor and Lessee.

(2) If the sale proceeds of any unit of Equipment transmitted to Lessor are less than 13% of the Base Amount (as defined in Section 10), Lessee shall, in addition, be obligated to pay, and shall pay to Lessor, the amount (if any) of Contingent Rent with respect to such Equipment as is then determined in accordance with subsection (f)(1), provided, however, that the amount of any Contingent Rent will not be greater than the amount by which 13% of the Base Amount exceeds such proceeds of sale.

(g) "Early Termination Fee" shall have the meaning specified in Section 10 hereof.

(h) "Equipment" means the following types of property owned or to be owned by Lessor and leased by Lessor to Lessee or ordered by Lessor for lease to Lessee as provided herein:

(i) a 240 Coal Railcar unit train as further described in Schedule A hereto ("Railroad Equipment").

(i) "Expected Residual" for any Equipment shall be the amount selected by Lessee and approved by the Lessor in the applicable Individual Leasing Record. The execution of an Individual Leasing Record shall represent the agreement of Lessor and Lessee that the Expected Residual stated therein is not greater than a reasonable estimate of what the expected fair market value of such Equipment will be at the end of the applicable Basic Term. The Expected Residual for any Equipment, as stated in an Individual Leasing Record, shall not be in excess of the percentage set forth in the attached Schedule A.

(j) "Extended Term" shall have the meaning specified in Section 17(b).

(k) "Individual Leasing Record" is a record with respect to Equipment dated the date of the delivery of the Equipment to Lessee and setting forth a full description of the Equipment, its Acquisition Cost, the location and such other details as the parties may desire. As between Lessor and Lessee the signature of Lessee on an Individual Leasing Record shall constitute acknowledgement by Lessee that the Equipment has been delivered in good condition and accepted for lease by Lessee as of the date of the Individual Leasing Record. The Individual Leasing Record shall contain a short form of lease to be executed by each of the parties reading substantially as follows:

"The undersigned Lessor hereby leases to the undersigned Lessee, and Lessee acknowledges delivery to it in good condition of, the Equipment described above. The covenants, terms and conditions of this lease are those appearing in a Master Leasing Agreement between the undersigned Lessor and Lessee dated June 1, 1990, which covenants, terms and conditions are hereby incorporated by reference."

(l) "Interim Rent" for any Equipment for any partial first month during the term of the lease of such Equipment shall equal the product of:

(1) the Acquisition Cost of the Equipment, multiplied by

(2) a fraction having a numerator equal to the number of days remaining in such partial month and a denominator of 360, multiplied by



(3) a percentage (the "Percentage Rental Factor") equal to the sum of 1.75% per annum plus the AA Composite Index of 90-day dealer-placed commercial paper, as publicly announced by the Federal Reserve Bank for the first day of the current month. Upon execution of this agreement, Lessor shall notify Lessee in writing of the then applicable Percentage Rental Factor under this subsection (3). Thereafter, Lessor shall notify Lessee in writing of any change in such Percentage Rental Factor.

(m) "Monthly Amortization Figure" for any Equipment for each full month during the Basic Term of the lease of such Equipment shall be an amount equal to the product of a fraction the numerator of which is the Acquisition Cost of such Equipment and the denominator of which is One Million Dollars (\$1,000,000), multiplied by the amount specified in Schedule B. Lessee shall select amortization periods pursuant to Schedule A hereto. The "Monthly Amortization Figure" for any Equipment for each full month during the Extended Term for such Equipment shall be equal to the amount described in Section 17(b) hereof.

Monthly amortization shall be taken at the close of business of the last day of each full month of the lease of the Equipment until the Unamortized Value of the Equipment has reached zero.

(n) "Rent" for any Equipment for any full month during the Basic Term of the lease of such Equipment will be the sum of Contingent Rent for such Equipment (if any), plus an amount equal to the product of the Acquisition Cost of such Equipment multiplied by the applicable Basic Lease Rate Factor described in Schedule A.

Notwithstanding the foregoing, when the Aggregate Amortization of any Equipment leased hereunder equals the Acquisition Cost of such Equipment, the monthly Rent for such Equipment will be an amount equal to one-half of one percent (0.5%) of the Acquisition Cost of such Equipment.

(o) "Termination T-Note Rate" shall mean the T-Note Proxy Rate determined as of the date of termination for the unit of Equipment. Such Termination T-Note Rate shall be based on a T-Note with the same date of maturity as the T-Note used in determining the Basic T-Note Rate used to calculate the Basic Lease Rate Factor then in effect for the calculation of Rent.

(p) "T-Note Proxy Rate" shall mean the daily average yield to maturity for a specific Treasury Note ("T-Note") issue for the week (Monday through Friday) prior to the date such rate is set. The selected T-Note will have been issued within the last 15 years, shall be noncallable, and shall have a remaining maturity equal to the Basic Term, rounded to the nearest full year, tracking closest to par, and paying interest semi-annually as published daily in the Wall Street Journal. If there is no T-Note with a remaining maturity equal to the Basic Term, then the one maturing closest to the Basic Term shall be selected, paying interest semi-annually.

(q) "Unamortized Value" of Equipment for each month during the Basic Term of the lease of such Equipment is the amount equal to the product of a fraction the numerator

of which is the Acquisition Cost of such Equipment and the denominator of which is One Million Dollars (\$1,000,000), multiplied by the amount specified in Schedule B.

2. Agreement for Lease of Equipment. (a) Lessor shall lease to Lessee and Lessee shall lease from Lessor such Equipment as may be mutually agreed upon provided that the aggregate Acquisition Cost of Equipment leased by Lessor to Lessee hereunder shall not exceed \$14,300,000. All items of Equipment shall be acquired for lease hereunder on or before December 31, 1990. All such leases shall be entered into in the manner and upon the terms and conditions set forth in this Master Leasing Agreement. Lessor and Lessee shall evidence their agreement to lease particular Equipment by signing and delivering to each other an Individual Leasing Record describing the Equipment. A written request by Lessee to Lessor to acquire particular Equipment for lease hereunder shall obligate Lessee to lease the Equipment from Lessor upon delivery of the Equipment to Lessee. Lessor and Lessee hereby declare that this Master Leasing Agreement is, and is intended to be, an agreement to lease, and that every Individual Leasing Record executed by the parties pursuant to this Master Leasing Agreement is a lease. Lessor has or will have title to and will be the owner of the Equipment to be leased, and Lessee does not hereby acquire any right, equity, title or interest in the Equipment, except the right, as Lessee, to use the same under the terms hereof. The parties further agree to treat this Leasing Agreement and any Individual Leasing Record executed pursuant to this Leasing Agreement as a lease for accounting and regulatory purposes and as a financing arrangement for tax purposes.

(b) Lessor hereby covenants that, as long as Lessee is not in default in any material obligation to Lessor hereunder, Lessee shall be entitled to the uninterrupted use and quiet enjoyment of the Equipment on the terms and conditions herein provided.

3. Delivery. Lessor shall not be liable to Lessee for any failure or delay in obtaining Equipment or making delivery thereof. Lessee shall select the specific units of Equipment to be leased hereunder, the specific vendors and manufacturers from whom Equipment will be acquired and the delivery schedule for such Equipment. Lessor agrees to co-operate with Lessee, at Lessee's sole expense, in connection with any reasonable claim Lessee may have against any such vendors or manufacturers. Upon delivery of Equipment to Lessee and receipt by Lessor of vendor's invoice approved by Lessee together with an Individual Leasing Record with respect to the Equipment duly executed by Lessee and, if requested by Lessor, appropriate title papers for such Equipment, Lessor shall execute such Individual Leasing Record and remit to the vendor a check for the total of the vendor's invoice for such Equipment, provided that the amount paid to the vendor by Lessor shall not exceed the Acquisition Cost of the Equipment. If the amount paid to the vendor by Lessor is less than the Acquisition Cost of the Equipment, to the extent that delivery costs or cost of additions to the Equipment have been met by Lessee, and do not exceed the Acquisition Cost, Lessor shall reimburse Lessee to the extent of such payment made by Lessee up to the amount of the Acquisition Cost.

4. Lease Term. The lease hereunder of Equipment shall be effective from the date of delivery of such Equipment and the Individual Leasing Record shall be dated such date. The lease term for each unit of Equipment shall be for a period beginning with the effective date thereof and ending one year after the last day of the month in which the effective date of the lease occurs. At the end of such one year period and thereafter, the lease term shall be extended from month to month until terminated, as provided in Sections 10, 11, 14, 15, 16 or 17 hereof. Notwithstanding the foregoing, at least the provisions of Section 9 and the first sentence of Section 11 of this Master Leasing Agreement shall apply

as between Lessor and Lessee with respect to any Equipment from the time the Equipment is ordered by Lessor pursuant to a request from Lessee.

5. Rent. Lessee shall pay Rent and Interim Rent monthly on the due date which shall be the later to occur of either the 25th day of each month or the 20th day following Lessee's receipt of Lessor's invoice for such monthly payment. If Lessor shall not receive payment of Rent or Interim Rent when due hereunder, Lessee shall pay a late payment charge to Lessor on such late payment at a rate equal to the Percentage Rental Factor (as provided in Section 1(l)(3) hereof) for the period during which such late payment remains due and unpaid until an event of default occurs pursuant to the provisions of Section 13 hereof after which Lessee shall pay a late payment charge to Lessor on such late payment at a rate equal to the Percentage Rental Factor plus 3% per annum (but in no event shall such rate be greater than that rate permitted by applicable law) for the period during which such late payment remains due and unpaid. Reports from Lessor shall be rendered as close to the fifth day of the month as possible covering the computation of Rent and Interim Rent and other payments due hereunder for the month, adjustments to the preceding month's Rent and Interim Rent resulting from commencement or termination of the lease of any Equipment during such month and other appropriate items, if any. If the date for the payment or determination of Rent and Interim Rent shall not occur on a day when banks in New York, New York or Minneapolis, Minnesota are generally open for business, such payment shall be due and such determination shall be made on the immediately preceding day on which such banks are generally open for business.

6. Use of Equipment. (a) Lessor and Lessee hereby acknowledge and agree that the Equipment leased hereunder shall at all times be the sole and exclusive property of Lessor, and Lessee shall have no right, title or property therein but only the right to use the same as herein provided. So long as Lessee is not in default in any material obligation to Lessor, Lessee may use the Equipment in the regular course of its business or the business of any subsidiary or affiliate of Lessee and may permit others to use same for any lawful purpose. Such use shall be confined to the United States. Lessee shall promptly and duly execute, deliver, file and record all such documents, statements, filings and registrations, and take such further action as Lessor shall from time to time reasonably request in order to establish, perfect and maintain Lessor's title to and interest in the Equipment as against Lessee or any third party. Lessee shall notify Lessor in writing if the principal location of any unit of Equipment is moved from one state to another or from one tax jurisdiction to another. Notwithstanding the foregoing, no such change of location shall be undertaken unless and until all such legal requirements shall have been met or obtained. At least once a year, or more frequently, if Lessor reasonably so requests, Lessee shall advise Lessor in writing where all Equipment leased hereunder as of such date is principally located. Lessee shall not use any Equipment or allow the same to be used for any unlawful purpose. Lessee shall use every reasonable precaution to prevent loss or damage to Equipment and to prevent injury to third persons or property of third persons. Lessee shall cooperate fully with Lessor and all insurance companies providing insurance under Section 8 hereof in the investigation and defense of any claims and suits. Lessee shall comply and shall cause all persons operating Equipment to comply with all insurance policy conditions and with all statutes, decrees, ordinances and regulations regarding acquiring, titling, registering, leasing, insuring, using, operating, and disposing of Equipment, and the licensing of operators thereof. Lessor or any authorized representative of Lessor may during reasonable business hours from time to time inspect Equipment at a time mutually agreed upon by Lessor and Lessee wherever the same be located. If Lessee suffers a loss due solely and directly to Lessor's gross negligence or willful misconduct in connection with any such

inspection, Lessor shall reimburse Lessee for any such loss. Lessee shall not without prior written consent of Lessor sublease any Equipment nor permit, or suffer to exist, any lien or encumbrance other than those placed thereon by Lessor or by persons claiming only against Lessor and not against Lessee, nor shall Lessee assign any right or interest herein or in any Equipment, provided, however, that Lessee may sublet Equipment to any subsidiary, affiliate, officer or employee of Lessee, or to any contractor for use in performing work for Lessee, provided that such subletting shall in no way affect the obligations of Lessee hereunder, or the rights of Lessor hereunder. Lessee upon written request from Lessor, or if necessary or advisable under applicable law, shall attach to each unit of Equipment in a place selected by Lessee, a sign, stencil, plaque, or legend disclosing the ownership of Lessor and the interest of any mortgagee in the Equipment.

(b) Lessee agrees (i) to use the Railroad Equipment exclusively in its own service, except as part of normal interchange service, and (ii) to ensure that none of the Railroad Equipment is loaded in excess of the load limit stated on the side of each unit of Railroad Equipment. The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission (the "ICC") and, to the extent applicable, the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads ("AAR") as the same may be in effect from time to time (the "Interchange Rules") and the rules and regulations of the Federal Railroad Administration ("FRA") or any successor organizations with respect to the use and maintenance of each unit of Railroad Equipment subject to this Agreement. Lessee shall maintain and keep the Railroad Equipment in condition suitable for use in interchange in accordance with the Interchange Rules. In case any Railroad Equipment or appliance is required to be altered, added, replaced or modified on any Railroad Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Lessor; provided, however, that (i) Lessee may, in good faith and by appropriate legal proceedings, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Lessor adversely affect the property rights, or interests of the Lessor in the Railroad Equipment hereunder and (ii) Lessor agrees to use its best efforts to provide reasonable financing to the Lessee to reimburse Lessee for any costs and expenses related to such alteration.

7. Improvements and Repair of Equipment. Lessee shall pay all costs, expenses, fees and charges incurred in connection with the maintenance, use and operation of Equipment during the lease thereof. Lessee shall at all times, at its own expense, keep Equipment in good condition and repair, and in good and efficient working order, reasonable wear and tear only excepted and in good and fully serviceable condition, suitable for unrestricted revenue service and interchange, and in accordance with all applicable laws, rules and regulations of the FRA, the AAR and any and all other organizations or their successors with authority or jurisdiction over the operation of railcars in the geographic areas in which, or through which, the Railroad Equipment operates or travels. Lessee shall promptly notify Lessor upon receipt by Lessee of knowledge that any of the Railroad Equipment has been classified as "heavy bad order" or an equivalent classification, and of any substantial damage to any of the Railroad Equipment. This provision shall apply regardless of the cause of damage and all risks with respect thereto are assumed by Lessee. At its own expense, Lessee shall supply and replace all parts to the Equipment and shall supply the necessary power and other items required in the operation of the Equipment. Lessee shall

supply and replace all items required in the operation of the Equipment, including, without limitation, all parts; and shall put and keep all Equipment in condition to meet foreseeable climatic conditions. All improvements and additions to any of the Equipment shall become and remain the property of Lessor, except that any improvements or additions for which Lessor has not made a payment under Section 3 of this Leasing Agreement, which constitute severable improvements and which when attached to or removed from the Equipment will not diminish the value or usefulness of such Equipment, shall become and remain the property of Lessee.

8. Insurance. Lessee shall, at its own expense, with respect to Equipment maintain insurance insuring the respective interests of Lessor and Lessee and covering (i) physical damage to Equipment and (ii) liability for personal injury, death and property damage resulting from the operation, ownership, use and possession of Equipment. All such insurance shall be in reputable companies satisfactory to Lessor. Policies covering physical damage risks shall be in an amount not less than the Unamortized Value of Equipment and may not be subject to a deductible amount of more than \$500. Lessee shall maintain third-party liability insurance covering personal injury, death and property damage liability as a result of one accident in the amount of \$5,000,000. Policies covering damage, destruction and loss of use of property of third persons may not be subject to a deductible of more than \$500. Lessor shall be named insured and, with respect to physical damage coverage, a named loss payee in all insurance policies required under this Section. All such policies shall provide for at least ten (10) days' written notice to Lessor of any cancellation or material alteration of such policies. Lessee shall furnish Lessor certificates or other evidence satisfactory to Lessor or compliance by Lessee with the provisions hereof, but Lessor shall be under no duty to examine such certificates or to advise Lessee in the event its insurance is not in compliance herewith. Lessee covenants that it will not use or operate or permit the use or operation of any Equipment at any time when the insurance required by this Section is not in force with respect to such Equipment. Lessee's obligation to maintain insurance with respect to any Equipment shall commence on the actual day of delivery of the Equipment and shall continue until the Equipment is sold or the lease of the Equipment terminates, whichever is sooner. Lessee may itself insure such portions of the foregoing coverage as Lessor may approve in writing, which approval shall not be unreasonably withheld.

9. Indemnity.

(a) Lessee agrees to indemnify and hold harmless Lessor against any and all claims, demands and liabilities of whatsoever nature and all costs and expenses (including litigation expenses) relating to or in any way arising out of:

(i) the ordering, delivery, acquisition, rejection, installation, possession, titling, use, non-use, misuse, operation, transportation, repair, control or disposition of Equipment leased or requested by Lessee to be leased hereunder, except to the extent that such costs are included in the Acquisition Cost of such Equipment within the dollar limit provided in Section 2 hereof (or within any change of such limit agreed to in writing by Lessor and Lessee) and except for any general administrative or overhead expenses of Lessor;

(ii) all recording and filing fees, stamp taxes and like expenses with respect to mortgages on the Equipment from Lessor to any mortgagee;

(iii) all costs, charges, damages or expenses for royalties and claims and expenses arising out of or necessitated by the assertion of any claim or demand based upon any infringement or alleged infringement of any patent or other right, by or in respect of any Equipment, provided, however, that Lessor will to the extent permissible make available to Lessee Lessor's rights under any similar indemnification arising by contract or operation of law from the manufacturer of Equipment;

(iv) all federal, state, county, municipal, foreign or other fees and taxes of whatsoever nature, including but not limited to license, qualification, franchise, sales, use, gross receipts, ad valorem, business, property (real or personal), excise, motor vehicle, and occupation fees and taxes, and penalties and interest thereon (except any such penalties and interest caused solely and directly by the failure of Lessor to pay or file any such fees or taxes prior to the date such fees or taxes are due and owing or the failure of Lessor to notify Lessee to pay or file any such fees or taxes within a reasonable time following Lessor's receipt of any bill or other notification regarding such fees or taxes, provided, however, that Lessor shall have no liability for any such penalties and interest if Lessee shall fail to provide Lessor with the information necessary to file any such fees or taxes within a reasonable time prior to the due date of any such payment or filing), whether assessed, levied against or payable by Lessor or otherwise, with respect to Equipment or the acquisition, purchase, sale, rental, use, operation, control, ownership or disposition of Equipment or measured in any way by the value thereof or by the business of, investment in, or ownership by Lessor with respect thereto, excepting only net income taxes on the net income of Lessor (provided, however, if the Federal Internal Revenue Code of 1986 or any applicable state law relating to income taxes is revised such that Lessor is precluded from fully deducting interest charges incurred by Lessor with respect to the financing of the Equipment or from fully recovering the amortization portion of any Rent payable hereunder, Lessee shall indemnify Lessor to the extent Lessor's net income taxes are therefore increased ("Net Income Tax Indemnity")) and any excise, sales or use taxes included in the Acquisition Cost of the Equipment; or

(v) any violation, or alleged violation, by Lessee of this Master Leasing Agreement or of any contracts or agreements to which Lessee is a party or by which it is bound, or any laws, rules, regulations, orders, writs, injunctions, decrees, consents, approvals, exemptions, authorizations, licenses and withholdings of objection, of any governmental or public body or authority and all other requirements having the force of law applicable at any time to Equipment or any action or transaction by Lessee with respect thereto or pursuant to this Master Leasing Agreement.

(vi) any reclaims, storage charges, mileage allowances, repair costs or any other charges relating to the Railroad Equipment payable to any carrier or railroad company.

(b) Lessee shall forthwith upon demand reimburse Lessor for any sum or sums reasonably expended with respect to any of the foregoing, or shall pay such amounts directly upon request from Lessor. Lessee shall be subrogated to Lessor's right in the affected transaction and shall have a right to determine the settlement of claims therein but in the best interests of Lessor. The foregoing indemnity in this section shall survive the expiration or earlier termination of this Master Leasing Agreement or any lease of Equipment hereunder.

(c) If Lessor shall make a demand upon Lessee for a Net Income Tax Indemnity payment, Lessee may, upon 90 days prior written notice, terminate this Agreement by either purchasing all the Equipment pursuant to the provisions of Section 17(a) or selling all the Equipment pursuant to the provisions of Section 10 and paying to Lessor such Net Income Tax Indemnity payment and all other amounts then due and owing to Lessor pursuant to this Agreement.

(d) Notwithstanding the foregoing, Lessee shall not be obligated to indemnify and hold harmless the Lessor against any claims, demands, liabilities, costs or expenses incurred by Lessor solely in connection with a leasing agreement entered into between Lessor and a party unaffiliated to Lessee to the extent Lessor is indemnified for such claims, demands, liabilities, costs or expenses by the lessee in such other leasing agreement.

10. Sale or Disposition of Equipment; Adjustment of Rent. (a) After the expiration of one year from the last day of the month in which the lease of any Equipment is effective, if such Equipment has become economically or otherwise obsolete or is no longer useful in Lessee's business, and provided that Lessee is not in default hereunder, Lessee may arrange for the termination of the lease of such Equipment in the manner and with the consequences hereinafter set forth. Lessee shall deliver written notice to Lessor, signed by an authorized officer of Lessee, identifying the Equipment the lease of which Lessee proposes to terminate, the proposed sale price and the terms of the proposed sale. Such notice shall constitute a certificate of Lessee that such Equipment has become economically or otherwise obsolete or is no longer useful in Lessee's business. After delivery of such notice, Lessee, on behalf of and in cooperation with Lessor, shall proceed directly with negotiating the sale or disposition of such Equipment to a third party unrelated to Lessor or Lessee and Lessor shall execute and transmit to Lessee all papers needed to effectuate such sale or disposition. In arranging such sale or disposition of any Equipment pursuant to this Section 10, Lessee shall use its best efforts to obtain sale proceeds not less than such Equipment's retail fair market value, delivered to a purchaser or purchasers unrelated to Lessee, giving due consideration to whether the Equipment's value is higher as an aggregate, or as two or more lots of equipment. If the parties cannot agree upon such fair market value or values, they shall utilize the appraisal procedure provided for in Section 1(f)(1), with the consequences set forth therein. If the proposed sale price specified in such notice is less than 13% of the Base Amount of such Equipment, Lessee shall not proceed to sell the Equipment until it has received the consent of Lessor, which consent shall not be unreasonably withheld.

Lessee shall cause the proceeds of sale of such Equipment to be transmitted promptly to Lessor. The lease of such Equipment and Lessee's obligation to pay Rent shall continue until such proceeds of sale, any applicable Early Termination Fee (as defined in Section 10(b)) and additional Rent, if any, are received by Lessor, or Lessor's assignee, and shall thereupon terminate. If the net proceeds of sale of such Equipment are less than the Unamortized Value of such Equipment at the time of the termination of the lease of such Equipment hereunder, Lessee shall forthwith pay as additional Rent an amount equal to such deficiency. If the net proceeds of sale of such Equipment are more than the Unamortized Value of such Equipment at the time of the termination of the lease of such Equipment hereunder, Lessor, in consideration of Lessee's agreement hereunder to repair, maintain and insure the Equipment, shall as an adjustment of Rent forthwith pay to Lessee or, at the option of Lessee, credit Lessee's account in an amount equal to the difference between said net proceeds of sale and said Unamortized Value. If for any month funds are

payable by Lessor to Lessee under this Section, the amount so payable may be deducted by Lessee from funds payable during the same month by Lessee for Rent of Equipment.

Notwithstanding the foregoing, if the sale proceeds of any unit of Equipment are less than the Unamortized Value of such Equipment but equal to or greater than 13% of the Base Amount of such Equipment (the "Unguaranteed Residual"), Lessee shall at the same time pay Lessor a sum equal to the difference between the amount of the sale proceeds (which proceeds for purposes of determining Lessee's liability may be reduced due to prior or subsequent sales of other units of Equipment as hereinafter described) and the Unamortized Value. If the sale proceeds of any unit of Equipment plus Contingent Rent are less than the Unguaranteed Residual of such Equipment, Lessee shall at the same time pay Lessor a sum equal to the Unamortized Value of such Equipment less the Unguaranteed Residual of such Equipment. In the event a deficiency arises because Lessor does not receive the Unguaranteed Residual, to the extent that in any prior or subsequent sale of any unit of Equipment, sale proceeds were received or will be received in excess of the Unguaranteed Residual, such excess sale proceeds shall be paid to Lessor, with respect to future sales, upon the sale of any unit of Equipment, and with respect to prior Equipment sales resulting in excess proceeds, at the time the deficiency arises. Any sale proceeds of Equipment in excess of the Unamortized Value of the Equipment after the expiration of the lease terms of all Equipment will be for the account of Lessee.

The "Base Amount" means, as to any Equipment sold one year after the commencement of its lease term, the Acquisition Cost of such Equipment, and as to any Equipment sold more than one year after the commencement of its lease term, the Unamortized Value of such Equipment at the termination of its lease term. The term "sale proceeds" means the gross purchase price paid by the purchaser, without charge or reduction in any manner on account of any costs or expenses of sale, removal, transportation, repair, storage, delivery or similar costs or expenses, and all of such costs and expenses (if any) shall be borne by Lessee.

(b) In addition, if Lessee terminates the lease of any Equipment hereunder prior to the expiration of the Basic Term for such Equipment or during any Extended Term while the Unamortized Value of any such Equipment is greater than zero, the Lessee shall pay, in addition to any other amounts due and payable hereunder, an amount to Lessor (the "Early Termination Fee") computed by:

- (i) subtracting the Termination T-Note Rate from the Basic T-Note Rate,
- (ii) dividing such difference by 12;
- (iii) multiplying such quotient by the Unamortized Value for such Equipment for each month remaining in the Basic Term or Extended Term, as applicable, for such Equipment as if such Equipment had not been terminated, and
- (iv) computing the net present value of the sum of such monthly payments in (iii) above, including the Unamortized Value of such Equipment at the end of its Basic Term, using the Termination T-Note Rate as the discount rate.

If the Termination T-Note Rate is greater than the Basic T-Note Rate, there shall be no Early Termination Fee due upon the termination of such Equipment.



11. Loss or Destruction of the Equipment. Lessee hereby assumes all risks of loss or damage to the Equipment howsoever the same may be caused. Lessee shall notify Lessor promptly of any loss or of any damage to any Equipment in an amount in excess of \$4,500 and shall keep Lessor informed of all developments and correspondence regarding insurance rights and other rights and liabilities arising out of the loss or damage. In the event of total destruction of any of the Equipment or damage beyond repair or the commandeering, conversion or other such loss of any of the Equipment, or if the use thereof by Lessee in its regular course of business is prevented by the act of any third person or persons, or any governmental instrumentality, for a period exceeding ninety (90) days, or if any of the Equipment is attached (other than on a claim against Lessor but not Lessee) or is seriously damaged and the attachment is not removed or the Equipment not repaired, as the case may be, in a period of ninety (90) days, then in any such event:

- (a) Lessee shall promptly notify Lessor in writing of such fact;
- (b) Within ten (10) days thereafter Lessee shall pay to Lessor, or Lessor's assignee, an amount equal to the Unamortized Value of such Equipment at the time of payment plus the Early Termination Fee, as computed under Section 10(b) (if applicable);
- (c) The lease of such Equipment shall continue until such payment has been received by Lessor, or Lessor's assignee, and shall thereupon terminate; and
- (d) Upon such payment all of Lessor's title to and rights in such Equipment and any insurance thereon shall automatically pass to Lessee or its designee.

12. Surrender of Equipment. Upon the final termination of the lease as to any Equipment (other than a termination as provided for in Sections 10, 11, 14, 15, 16, or 17), Lessee shall surrender such Equipment to Lessor at Lessee's property where the Equipment is then located or at such other place as may be agreed upon. Lessee shall cooperate with Lessor in effecting removal of the Equipment from Lessee's property. Lessee shall pay Lessor any amount by which the cost of removing and disposing of any Equipment, reasonably incurred by Lessor, exceeds the salvage value of the Equipment.

13. Events of Default. The following events of default by Lessee shall give rise to rights on the part of Lessor described in Section 14:

- (a) Default in the payment of Rent and Interim Rent and the continuance of such default for five (5) business days after written notice of such default is received by Lessee (sent by registered or certified mail by Lessor); or
- (b) Default in the covenant of Lessee in Section 8 hereof as to non-use of any Equipment as to which the required liability insurance is not in force; or
- (c) Default in the payment or material performance of any other liability, obligation, or covenant of Lessee to Lessor and the continuance of such default for thirty (30) days after written notice is received by Lessee (sent by registered or certified mail by Lessor); or
- (d) The termination of existence or business failure of, or the making of an assignment for the benefit of creditors by, Lessee; or

(e) The institution of bankruptcy, reorganization, liquidation or receivership proceedings by or against Lessee and, if instituted against Lessee, its consent thereto or the pendency of such proceedings for at least sixty (60) days; or

(f) Lessee shall admit in writing its inability to pay its debts generally when due.

14. Rights of Lessor upon Default of Lessee. Upon the occurrence of any of the events of default described in Section 13 Lessor may in its discretion do one or more of the following:

(a) Terminate the lease of any or all Equipment upon five (5) days' written notice to Lessee sent by certified mail;

(b) Whether or not any lease is terminated, take immediate possession of any or all of the Equipment, including substituted parts, accessories or equipment and/or other equipment or property of Lessor in the possession of Lessee, wherever situated and for such purpose, legally enter upon any premises of Lessee;

(c) Whether or not any action has been taken under Sections 14 (a) or (b) above, Lessor may sell any Equipment (with or without the concurrence or request of Lessee) and Lessor shall retain all proceeds from such sale. In addition, if the sales proceeds (reduced by any legal costs or any costs or expenses of sale, removal, transportation, repair, storage, delivery, or similar costs and expenses) are less than the Unamortized Value of the Equipment sold, Lessee shall pay to Lessor any such shortfall plus the Early Termination Fee as defined in Section 10(b) hereof (if applicable);

(d) Hold, use or lease any Equipment as Lessor in its sole discretion may decide, and continue to hold Lessee liable for any deficiency between the rent received by Lessor from others and the Rent and Interim Rent payable hereunder for the balance of the term of the lease of such Equipment;

(e) Invoke and exercise any other remedy or remedies available to Lessor by law or in equity.

If after default Lessee fails to deliver or converts the Equipment or the Equipment is destroyed, Lessee shall be liable to Lessor for all unpaid Rent and Interim Rent to the date of such failure to deliver, conversion or destruction of such Equipment plus its Unamortized Value at the time and all loss and damages sustained and all costs and expenses incurred by reason of the default including the Early Termination Fee as defined in Section 10(b) hereof (if applicable). If after default Lessee delivers Equipment to Lessor or if Lessor repossesses Equipment, Lessee shall be liable for and Lessor may recover from Lessee all unpaid Rent and Interim Rent to the date of such delivery or repossession plus all loss and damages sustained and all costs and expenses incurred by reason of the default including the Early Termination Fee as defined in Section 10(b) hereof (if applicable).

15. Equipment To Be and Remain Personal Property. It is the intention and understanding of both Lessor and Lessee that all Equipment shall be and at all times remain personal property. Lessee will obtain and record such instruments and take such steps as may be necessary to prevent any person from acquiring any rights in the Equipment paramount to the rights of Lessor, by reason of such Equipment being deemed to be real property. If, notwithstanding the intention of the parties and the provisions of this Section

15, any person acquires or claims to have acquired any rights in any Equipment paramount to the rights of Lessor, by reason of such Equipment being deemed to be real property, and such person seeks in any manner to interfere with the continued quiet enjoyment of the Equipment by Lessee as contemplated by this Agreement, then Lessee shall promptly notify Lessor in writing of such fact (unless the basis for such interference is waived or eliminated to the satisfaction of Lessor within a period of ninety (90) days from the date it is asserted) and Lessee shall within ninety (90) days after such notice pay to Lessor or Lessor's assignee an amount equal to the Unamortized Value of such Equipment at the time of payment plus the Early Termination Fee as defined in Section 10(b) hereof (if applicable). The lease of the Equipment shall continue until such payment has been received and shall thereupon terminate; and upon such payment all of Lessor's title to and rights in such Equipment shall automatically pass to Lessee or its designee.

16. Termination. Either Lessor or Lessee may terminate this Agreement at any time with respect to any equipment not yet leased hereunder effective upon the delivery of notice in writing to the other party of such termination; provided, however, neither such notice nor termination shall affect any transactions entered into or rights created or obligations incurred prior to such termination.

17. Purchase of Equipment; Extended Term. (a) After the expiration of one year from the last day of the month in which the lease of any Equipment is effective, and provided that Lessee is not in default hereunder, Lessee may purchase such Equipment at the greater of its then fair market value or its then Unamortized Value. The lease of such Equipment and Lessee's obligation to pay Rent therefor shall continue until the purchase price; any due and unpaid Rent and the Early Termination Fee, if any, with respect to such Equipment have been transmitted to Lessor and shall thereupon terminate. If the parties cannot agree on the fair market value of any such Equipment, they shall follow the appraisal procedures provided in Section 1(f)(1). Notwithstanding the foregoing, any purchase of any unit of Equipment by Lessee pursuant to this Section 17(a) shall be made in accordance with the terms and provisions of Section 10 hereof, except that the Unguaranteed Residual shall equal zero.

(b) Upon expiration of the Basic Term of any Equipment leased hereunder, and provided that an event of default has not occurred and is continuing, Lessee may extend the term of this Leasing Agreement for such Equipment on a month to month basis until the lease term is terminated (the "Extended Term"). During such Extended Term the Rent payable for such Equipment shall equal the fair market rental value for such Equipment as agreed to by Lessor and Lessee and as determined at the commencement of such Extended Term (the "Fair Market Rent"). At the commencement of the Extended Term for such Equipment, Lessor and Lessee shall agree upon the Fair Market Rent which shall include an amortization component intended to amortize the then remaining Unamortized Value of such Equipment during such Extended Term. If the parties cannot agree on the Fair Market Rent, each month during the Extended Term Lessee shall pay Lessor an amount equal to the sum of the Monthly Amortization Figure for such Equipment plus an amount computed by multiplying the Unamortized Value of the Equipment on the first day of each such month, by a fraction having a numerator equal to the number of days in the current month and a denominator of 360 by the Percentage Rental Factor set forth in Section 1(h)(3) hereof. For purposes of the preceding sentence only, the Monthly Amortization Figure shall equal an amount intended to amortize the remaining Unamortized Value of such Equipment during a 60 month Extended Term.

18. Investment Tax Credit. As permitted under Section 48(d) of the Federal Internal Revenue Code and assuming that the investment credit is available for Equipment acquired hereunder, Lessor shall elect to treat Lessee as having acquired the Equipment which is leased hereunder, if it qualifies for such election, for purposes of the investment credit provisions under Section 38 of the Federal Internal Revenue Code and Lessee shall consent to such election as to all Equipment leased hereunder and which qualifies for such election. Lessee shall provide Lessor with an annual summary statement as to all Equipment for Internal Revenue Service reporting purposes.

19. DISCLAIMER OF WARRANTIES. LESSEE AGREES AND ACKNOWLEDGES THAT ACCEPTANCE OF THE EQUIPMENT FOR LEASE SHALL CONSTITUTE LESSEE'S ACKNOWLEDGEMENT AND AGREEMENT THAT LESSEE HAS FULLY INSPECTED SUCH EQUIPMENT, AND THAT THE EQUIPMENT IS IN GOOD ORDER AND CONDITION AND IS OF THE MANUFACTURE, DESIGN, SPECIFICATIONS AND CAPACITY SELECTED BY LESSEE, THAT LESSEE IS SATISFIED THAT THE SAME IS SUITABLE FOR ITS PURPOSE, THAT LESSOR IS NOT ENGAGED IN THE SALE OR DISTRIBUTION OF EQUIPMENT, THAT LESSOR HAS NOT SELECTED, MANUFACTURED OR SUPPLIED SUCH EQUIPMENT, THAT LESSOR HAS PURCHASED THE EQUIPMENT FROM VENDORS OF LESSEE'S CHOICE, AND THAT LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE ANY REPRESENTATION, EXPRESS WARRANTY, IMPLIED WARRANTY, OR COVENANT WHATSOEVER WITH RESPECT TO TITLE, MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, SUITABILITY OR FITNESS OF THE EQUIPMENT IN ANY RESPECT OR IN CONNECTION WITH, OR FOR ANY PURPOSE OR USE OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO. Lessor shall, at Lessee's sole expense take all action reasonably requested by Lessee to make available to Lessee any rights of Lessor under any express or implied warranties of any manufacturer or vendor of the Equipment.

20. Assignment by Lessor. Lessee acknowledges notice that Lessor may, in connection with financing its acquisition and ownership of some or all of the Equipment, grant participations or security interests in or sell or assign its interests in such Equipment, this Leasing Agreement or any Rent, Interim Rent, Early Termination Fee or other amounts due hereunder. Such Assignment shall be subject to the Lessee's prior written consent solely as to the identity of any proposed assignee, which consent shall not be unreasonably withheld. Any instrument executed in connection with such assignment shall contain a provision to the effect that as long as Lessee is not in default in any material obligation to Lessor hereunder or under any lease executed pursuant hereto, it shall be entitled to uninterrupted use and quiet enjoyment of the Equipment on the terms herein provided. After such assignment the terms and provisions of this Leasing Agreement may not be altered, modified or waived without the written consent of such assignee. In connection with such assignment Lessee agrees to execute such documents as Lessor or its assignee may reasonably request, including notices, acknowledgements and financing statements. Lessee agrees to permit Lessor to record this Agreement. Lessee hereby confirms for the benefit of any such assignee that this Leasing Agreement cannot be canceled or terminated, except as expressly provided herein and that Lessee's obligation to pay Rent, Interim Rent, any Early Termination Fee (if applicable) and any other amounts due hereunder are absolute and unconditional. Upon 30 days prior written notice from Lessor or such assignee, the Lessee shall make payment of all Rent, Interim Rent, Early Termination Fees (if applicable) and other payments due hereunder with respect to such assignment to the assignee without abatement, deduction or setoff. Such payments shall discharge the obligations of the Lessee

to the Lessor hereunder to the extent of such payments. Lessee further covenants and agrees that it will not assert against Lessor's assignee any defense, counterclaim or setoff due to a breach of warranty or otherwise in any action for Rent, Interim Rent, Early Termination Fees or any other amounts due hereunder or for possession of the Equipment which is brought by Lessor's assignee. The assignment by the Lessor to the assignee of rights hereunder shall not impose on the assignee any of the duties or obligations of the Lessor hereunder, but in all other respects the assignee shall have all the rights of the Lessor hereunder to the extent necessary to realize upon Rent, Interim Rent, Early Termination Fees (if applicable) and other amounts due hereunder and to protect the assignee's security interest in Equipment resulting from such assignment.

21. Leasing of Components. (a) Lessee may lease components of Equipment, no one of which constitutes a completed unit of Equipment but all of which shall be assemblable into a completed unit of Equipment. The completed unit of Equipment and each of the components thereof shall be owned by Lessor and leased to Lessee hereunder. A "Component Individual Leasing Record" shall be executed for each component of Equipment leased hereunder, and each such Component Individual Leasing Record shall be clearly marked by typing "Component" on the form of such Individual Leasing Record. The lease of each component shall be effective from the date of delivery of such component and the Component Individual Leasing Record for such component shall be dated as of such date. When delivery is made on one or more components constituting less than a completed unit of Equipment, Lessee shall cause all such delivered components to be assembled into a completed unit of Equipment within six (6) months after the first day of the calendar month following the first of any such deliveries but no later than December 31, 1990.

(b) Subject to the provisions of subsection 21(e) hereof, Lessee shall pay Component Interim Rent (as defined below) to Lessor on a monthly basis for all components not yet assembled into a completed unit of Equipment beginning on the date of the applicable Component Individual Leasing Record and continuing to and including the day before the commencement date of the applicable final Individual Leasing Record. As used herein "Component Interim Rent" shall equal the product of: (i) The aggregate Acquisition Cost of the components, multiplied by (ii) a fraction having a numerator equal to the number of days such components are under lease during such month and a denominator of 360, multiplied by (iii) the Percentage Rental Factor as provided for in paragraph 1(l)(3).

(c) Upon assembly into a completed unit of Equipment, a final Individual Leasing Record shall be executed, the Monthly Amortization Figure and Rent shall be computed, and the lease term shall be deemed to commence for such unit of Equipment as of the date of the final Individual Leasing Record. The final Individual Leasing Record shall be dated as of the first day of the next succeeding month following assembly of the components into a completed unit of Equipment. The Component Individual Leasing Records for the components of the completed units of Equipment shall be canceled on the same date the final Individual Leasing Record shall be dated. The Acquisition Cost of the completed unit of Equipment shall be the sum of the Acquisition Costs of the components thereof and all reasonable labor and other expenses incurred in assembling the unit of Equipment, and shall be amortized as provided in Section 1(m).

(d) Notwithstanding the foregoing, at least the provisions of Section 9 and the first sentence of Section 11 of this Leasing Agreement shall apply as between Lessor and Lessee with respect to all components from the time such components are ordered by Lessor

pursuant to a request from Lessee or from the time such components are delivered to Lessee, whichever shall first occur.

(e) At the option of the Lessee, Component Interim Rent may be capitalized and added to the Acquisition Cost hereunder on the last day of each month; provided, however, if the aggregate Unamortized Value of Equipment shall exceed \$14,300,000, Lessor may deliver a notice to Lessee stating that Interim Rent shall no longer be capitalized. Capitalization of Interim Rent shall thereupon cease as of the first day of the month following receipt of such notice. If upon receipt of such notice the Unamortized Value shall exceed \$14,300,000, Lessee shall make an additional payment to Lessor on the first day of the month following receipt of such notice equal to such excess. Lessee shall indicate its intention to capitalize Component Interim Rent by indicating at the top of the appropriate ILR, "Capitalized Component Interim Rent".

22. Identification Markings and Numbering. As soon as is reasonably possible following delivery of any Railroad Equipment to the Lessee, the Lessee shall cause to be plainly, distinctly, permanently and conspicuously marked, placed or fastened upon each unit of Railroad Equipment the following legend in letters not less than one inch in height:

"PROPERTY OF BLC CORPORATION, OWNER AND LESSOR"

and any other legend requested by the Lessor disclosing the interest of any assignee hereunder with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to each unit of Railroad Equipment, its rights under this Agreement and the rights of any assignee hereunder. As soon as is reasonably possible after delivery of any Railroad Equipment to the Lessee, the Lessee shall cause one of its car reporting marks and designated car numbers to be assigned to and marked and/or placed on each side of each unit of Railroad Equipment delivered. At all times after delivery the Lessee will cause each unit of Railroad Equipment to bear on each side thereof the aforesaid legend and the car number so assigned to it. Such car reporting marks and designated car numbers shall not be changed by the Lessee without the prior written consent of Lessor and any assignee of Lessor and any such change shall be in accordance with a statement of new marking numbers to be substituted therefor which statement previously shall have been delivered to the Lessor by the Lessee. Any such allowed changes in or of lettering or markings on a unit of Railroad Equipment shall be performed at the expense of Lessee. Lessee agrees to file all necessary and appropriate documents with the ICC and/or any other authority as may be required under Federal, State or local law, rules or regulations with respect to any such change in car reporting marks and designated car numbers or as may be necessary in order to protect Lessor's title and interest in and to the Railroad Equipment and in and to this Leasing Agreement. Lessor and Lessee agree that this Agreement and any chattel mortgages executed in connection with the Railroad Equipment shall be filed by Lessor with the ICC pursuant to the provisions of Title 49 United States Code, Section 11303.

23. Mileage Allowances In consideration of the Rent to be paid by the Lessee to or for the account of Lessor hereunder, Lessor agrees that it will promptly make available to Lessee in such manner as Lessor and Lessee agree, all mileage allowances received by or due to Lessor with respect to any Railroad Equipment leased hereunder; provided, however, no such mileage allowances shall be made available to the Lessee if such action is prohibited by or is illegal under any federal or applicable state law. Lessee shall render an annual accounting to the Lessor setting forth the total amount of its costs and expenses (including,

without limitation, Rent, maintenance, insurance, operating expenses, taxes, accounting, legal clerical, supervisory and management expenses and all allocable portions of Lessee's overhead) paid or incurred during the accounting period and the amount of the mileage allowances paid to the Lessee during the same period. The Lessee may select the date for the first annual accounting during the first year of the lease of the Railroad Equipment hereunder and shall thereafter make an annual report as of the anniversary date of the first report. At the same time any report is made, Lessee shall make an adjustment of such mileage allowances if required by applicable law. To the extent permitted by applicable law, Lessee's right to receive mileage allowances shall be cumulative during the period covered by this Agreement. Lessee shall in no event claim any abatement of Rent by reason of mileage allowances or set off any amounts received by Lessor as mileage allowances against any Rent payable by Lessee under Section 5 hereof or against any other sums due Lessor or any assignee of Lessor under any other section of this Agreement. As used herein, mileage allowances shall include all sums due from any railroad for the use of any Railroad Equipment leased hereunder. Upon the final termination of the leases of all Railroad Equipment leased hereunder, all mileage allowances which have been received by or are due to Lessor as the result of the leasing during the term hereof of any of the Railroad Equipment leased hereunder, and which are in excess of allowances payable to Lessee hereunder shall be retained by Lessor.

Whether or not this Agreement and the lease of Railroad Equipment hereunder has been terminated, the Lessee shall be liable for and shall promptly pay for any excess empty mileage incurred by the movement of such Railroad Equipment while leased hereunder.

Notwithstanding any provision hereof to the contrary, during any period when there exists any event of default by the Lessee in the payment of Rent hereunder, any mileage allowance which would be otherwise available to Lessee hereunder shall be applied by Lessor to cure such event of default.

Lessee agrees to monitor the movement of Railroad Equipment hereunder, to handle billing in connection with the mileage allowances relating to the Equipment and to make all claims directly against the railroads for such mileage. In addition to the indemnity provisions contained in Sections 9 and 11 of this Agreement, Lessee agrees to indemnify and hold harmless the Lessor against any and all claims, demands and liabilities of whatsoever nature and all costs and expenses relating to or in any way arising out of the operation or application of this Section 26 except for those claims, demands and liabilities which result solely from the negligence of the Lessor.

24. Miscellaneous. This Agreement and all rights hereunder shall be governed by the laws of the State of Minnesota. Each of the parties hereto acknowledges that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder or under any other instrument given hereunder unless such waiver is given in writing and the same shall be binding to the extent therein provided and only upon the parties signing the same. A waiver on any one occasion shall not be construed as a waiver on any future occasion. No agreement shall be effective to change, modify or discharge, in whole or in part, this Master Leasing Agreement, or any other instrument given in connection herewith unless such agreement is in writing and is signed by both parties. All rights, remedies and powers granted herein, or in any other instrument given in connection herewith, shall be cumulative and may be exercised singularly or cumulatively. Section titles are included for the convenience of the parties and shall not be used to provide meaning to any Section.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Master Leasing Agreement as of the day and year first above written.

Attest:

By [Signature]  
Secretary

Attest:

By \_\_\_\_\_  
Title \_\_\_\_\_

BLC CORPORATION, Lessor

By [Signature]  
President

NORTHERN STATES POWER COMPANY,  
Lessee

By [Signature]  
Title \_\_\_\_\_

Counsel

C.43

Form Approved

Approved by NSP Law Department  
Reviewed by NSP, subject  
to be dated  
August 17, 1990.  
Initials DR



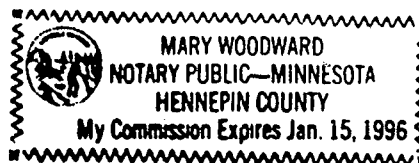
# ACKNOWLEDGEMENT

STATE OF )  
 )  
COUNTY OF ) SS:

On this 20 day of August, 1990, before me personally appeared Craig J. Blair, to me personally known, who, being by me duly sworn, says that he is Exec VP - Power Supply of NSP, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mary C Woodward  
Notary Public

My Commission Expires:



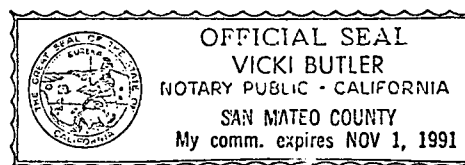
# ACKNOWLEDGEMENT

STATE OF CALIFORNIA )  
 ) SS:  
COUNTY OF SAN MATEO )

On this 4th day of October, 1990, before me personally appeared William R. Silver, to me personally known, who, being by me duly sworn, says that he is President of BL Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Vicki Butler  
Notary Public

My Commission Expires: Nov 1, 1991



SCHEDULE A  
TO THE  
MASTER LEASING AGREEMENT  
DATED AS OF JUNE 1, 1990  
BETWEEN  
BLC CORPORATION, AS LESSOR  
AND  
NORTHERN STATES POWER COMPANY, AS LESSEE

Description of Equipment: 240 Coal Car Unit Train (102-ton, open top automatic discharge, rotary dump coal cars with 4080 cu. ft. capacity each) Car Numbers: NSPX 90501 - NSPX 90740.

Basic Term/  
Amortization Period: 120 months

Lease Rate Factor: 1.2377%

Maximum Expected  
Residual: 50%

Adjustment Factor: 0.00629

The Basic Lease Rate Factor set forth for the Equipment is based on an assumed T-Note Proxy Rate of 8.57%. This Basic Lease Rate Factor shall be adjusted based on the difference between the average assumed T-Note Proxy Rate and the actual T-Note Proxy Rate in accordance with the following formula:

- (a) The actual T-Note Proxy Rate for the week prior to the first day of the month during which the Equipment begins amortizing, minus
- (b) The average assumed T-Note Proxy Rate (8.57%), times
- (c) The Adjustment Factor.

SCHEDULE B  
TO THE  
MASTER LEASING AGREEMENT  
DATED AS OF JUNE 1, 1990,  
BETWEEN  
BLC CORPORATION, AS LESSOR,  
AND  
NORTHERN STATES POWER COMPANY, AS LESSEE

RENT, MONTHLY AMORTIZATION FIGURES AND UNAMORTIZED VALUES OF  
EQUIPMENT HAVING AN ACQUISITION COST OF \$1,000,000.

Rent for each full month:	\$[*]
T-Note Proxy Rate:	[*]%
Basic Term:	120 months

<u>End of</u> <u>Period</u>	<u>Unamortized</u> <u>Value (\$)</u>	<u>Monthly</u> <u>Amortization</u> <u>Figure (\$)</u>	<u>Monthly</u> <u>Rental</u> <u>Figure</u>	<u>Monthly</u> <u>Rent</u>
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